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GENERAL DISCUSSION OF INTERNATIONAL ECONOMIC AND SOCIAL POLICY, INCLUDING REGIONAL AND SECTORAL DEVELOPMENTS

Strengthening multilateral cooperation in international economic affairs

Report of the Secretary-General

1. In its decision 1990/263 of 24 July 1990 entitled "Strengthening multilateral cooperation in international economic affairs", the Economic and Social Council took note of the report on strengthening multilateral cooperation in international economic affairs, made at its 26th plenary meeting, on 11 July 1990, by the Director-General for Development and International Economic Cooperation. The Council decided to focus, at its second regular session of 1991, in its general discussion of international economic and social policy, including regional and sectoral developments, on the question of strengthening multilateral cooperation in international economic affairs, to be considered on the basis of a report to be prepared by the Secretary-General in accordance with Council resolution 1989/111 of 28 July 1989.

2. The present report has been prepared in compliance with the request of the Council. It takes into account information provided by concerned organs, organizations and bodies of the United Nations system that were consulted in the preparation of the report through the appropriate machinery of the Administrative Committee on Coordination. The report is divided into three sections. The first section presents a broad analysis of the changes which have reshaped the international, political and economic environment in the past few years and which have a bearing on multilateral approaches to issues of current and emerging global concern. The second section highlights the need for concerted action and the creation of international regimes in a number of critical areas. The last section of the report outlines some of the important parameters and preconditions of an enhanced and strengthened

catalytic role for the United Nations as an instrument of multilateral cooperation in the years ahead.

I. THE NEW CONTEXT OF MULTILATERALISM

3. Traditionally, the concept of multilateralism at the global level refers to "any set of rules or arrangements whereby the activities of separate national units are coordinated in such a way that they come to constitute a single functioning whole". 1/ Multilateralism also encompasses a strong normative component, since it implies a commitment to maximum participation in dialogue as a means of resolving conflicts and designing institutional processes. 2/

4. Within this broad context, the creation of international regimes and mechanisms for multilateral cooperation are essentially the product of an ongoing political process evolving parallel to the integrating forces affecting the world economy. It is also a function of the degree of convergence between varying national interests and the perceived balance of anticipated costs and gains arising from multilateral approaches. This process is not, therefore, a unilinear one. The United Nations has emerged as one of the principal instruments for multilateral cooperation. Its role and the nature of its involvement has evolved widely as a function of the issues at stake, the opportunities they provided for international cooperation and other factors but, ultimately, on the balance of political agreement and disagreement among Member States and their commitment to act.

5. While efforts towards a multilateral approach to issues of global concern continued to be made in the 1970s and 1980s, as the interpenetration and interlocking of national economies continued, on balance, that period is considered to have been marked by a pronounced retreat from multilateralism in many areas. The idea of multilateralism itself and its relevance were questioned, since countries had increasing recourse to unilateral or bilateral measures or resorted to arrangements with very limited participation to determine policies in areas of critical concern to the international community.

6. The unanticipated and dramatic changes which have reshaped the international political environment in the past few years appear to have put the prevailing perception of the problématique of multilateralism in a different perspective.

7. In the months following the publication by President Gorbachev of an article in the 17 September 1987 issue of Pravda/Izvestia setting forth new policy orientations for the Soviet Union, momentous political changes had taken place in Eastern European countries, culminating in the unification of Germany and the adoption by 34 European States of the Charter of Paris for a New Europe. 3/ This process was accompanied by the first genuine disarmament measures in a decade and by major breakthroughs in hitherto intractable regional conflicts in which the United Nations played or is expected to play a key role. While no similar changes have yet taken place in the economic and

social fields, a number of recent trends and developments do warrant a degree of optimism about the possibility of renewed interest by the United Nations in a multilateral approach to these fields.

8. As profound changes are now unfolding in the political structures, economic relations, demography, technology and ecology of the world, there seems to be a growing appreciation of the realities of interdependence and, in particular, the increasing perception, even among the most powerful nations, that national actions alone cannot solve the global problems confronting the international community. Equally significant is the greater pragmatism manifested by Governments on questions which had previously led to stalemates in their deliberations. With the winding down of the Cold War, decade-long polarized discussions and doctrinaire stances about capitalism versus communism and market versus central planning, which had diverted public attention from substantive global concerns, have abated. New attention is being given to seeking the most effective means of promoting development. In this context, market forces, economic efficiency and entrepreneurship have acquired greater significance. 4/ At the same time, many countries have shown a willingness to undertake substantial commitments to open their markets, a trend reflected, for example, in the request of the People's Republic of China to resume membership in the General Agreement on Tariffs and Trade (GATT) and the granting of observer status to the Soviet Union. Governments in the South and in Eastern Europe have been reassessing the potential contribution of transnational corporations to their growth and development goals. There is greater awareness of the crucial importance of human resources development and of scientific and technological infrastructure for accelerating development and enhancing international competitiveness. There has been increasing concern in both the North and the South regarding environmental issues and their relationship to trade and development and the need for the rational management of national resources as an essential component of development policy. The importance of sound domestic policies in both developed and developing countries is also increasingly recognized and, last year, for the first time since the United Nations took up the consideration of the issue, the Assembly adopted a consensus resolution on debt. 5/

9. The Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, 6/ adopted by the General Assembly at its special session on international cooperation and development, held in 1990, provides further evidence of these emerging closer views in international cooperation. Likewise, the International Development Strategy for the Fourth United Nations Decade, 7/ adopted by consensus by the General Assembly at its forty-fifth session, suggests a nascent commonality of interests with regard to the broad objectives of growth and development and the broad framework of economic and financial policies needed to promote growth. The principal aim of the Strategy is to accelerate the development of developing countries placing greater emphasis on human development and poverty alleviation, science and technology, human rights, political and economic freedom, the contribution of women, the need to lower the rate of population growth in many developing countries and the urgency of tackling global issues and the environment.

Particular attention needs to be given by the United Nations system to ways and means of sustaining and advancing this twofold consensus, especially as it should have a positive bearing on the strengthening of multilateral approaches to the challenges of the 1990s.

II. AN AGENDA FOR MULTILATERAL ACTION IN THE 1990s

10. While specific interpretations of the scope, pace and nature of the fundamental changes reshaping the world economy may vary, trends may be discerned pointing towards greater integration and, at the same time, towards the potential for further fragmentation and dislocation. Taken together, these trends illustrate the increasing and inevitable blurring of the traditional distinction between local, national and international issues. They affect old issues and call, therefore, for new approaches in addressing them: at the same time, they raise new concerns and new opportunities. They also highlight the enormous costs incurred in the absence of concerted action and the desirability of equitable and stable rules which would enhance the economic security of all groups of countries.

A. The need for sound macroeconomic management

11. The growth in size and influence of non-State actors, such as transnational corporations and financial institutions, the extraordinary advances made in transport and communications technologies and the unprecedented flow of information across national borders have all contributed to the emergence of a "borderless economy". Against this background, the dangers involved in the persistence of the broad disequilibria and distortions which have accompanied the recovery and expansion of industrialized countries in the second half of the 1980s are also evident. However, the technological developments that are contributing to a more integrated economy among the industrialized countries are, in some cases, tending to weaken the linkages between industrialized countries and some groups of developing countries. Several countries dependent on commodities, for example, are being affected by the development of new materials or technologies. The decline of financial flows and the growing burden of debt are also aggravating the situation. The development of networks controlled by a few companies and based on information and communication services tend to marginalize enterprises and countries that are not directly involved. These complex and rapidly evolving issues call for continuous and in-depth monitoring by the United Nations. Effective action must be taken, or there is a serious risk that these developing countries will share very little of the potential offered by the borderless economy.

12. One major disequilibrium is the imbalances which have recently declined but still persist among the industrialized countries, particularly the United States' massive twin budgetary and trade deficits with corresponding surpluses on the part of Japan and Germany and, recently, the rapidly growing new Asian industrialized countries. Another major distortion is the rapid shift of private capital away from the developing countries. Increasingly high levels

of foreign debt, high real interest rates, deteriorating terms of trade and a lack of ability to increase export earnings with sufficient speed, together with a reluctance by private creditors to provide additional finance, all have led, since the early 1980s, to over 200 billion outward net financial transfers from developing countries.

13. These trends are particularly disquieting in the context of an increasingly multipolar international economic system. The erosion of the economic predominance of the United States, together with greater symmetry among the major economies of the world, implies the necessity of a collaborative and coordinated pattern of leadership. Within the Bretton Woods institutions, the Interim and Development Committees were intended to provide the impetus for coordinated policy formulation in the monetary and financial fields. The functioning of these arrangements in the past years suggests, however, that the purpose for which they were originally established has not been fully realized. This strengthens the case not only for closer policy coordination but also for enhancing the basis for such cooperation so that international economic policy formulation can evolve towards greater stability and equity in terms of interest rates, exchange rates and other key economic variables.

14. While new poles of economic strength are emerging in the international economic system, none the less the world economy continues to be influenced predominantly by the policies of a very few countries. Greater pluralism of the world economy could undoubtedly provide a strong stimulus for bringing about more balanced growth and development. Until that is achieved, it is particularly urgent to ensure a more adequate transfer of resources, the roll-back of protectionism and the maintenance of an open trading environment. Such steps would give greater scope for both the reforming countries of Eastern Europe and the developing countries to participate more effectively in the global economy.

15. Although generally regarded as irreversible, there is great uncertainty regarding the outcome of the reform process in Eastern Europe. The move from central planning to market mechanisms involves a complete reorganization and modernization of institutional arrangements, policy frameworks, industrial capacity and the agricultural and services sectors. Substantial additional resources - one estimate by the United Nations puts the level at about $32 billion by 1994 - will be required to assure a successful transition. A major challenge for the world community is to identify ways and means to minimize the negative effects and enhance the beneficial potential of the transition for the rest of the world. Specifically, how can these countries be integrated into the international financial, monetary and economic system with minimum stress on the system and meet their large and growing capital needs in the short and medium term without causing major disruptions in current flows and, in particular, without diverting resources from developing countries? An additional concern is that a shortage of world savings in relation to capital needs may lead to furthe pressure on international interest rates, thereby aggravating the debt pr blems of developing countries and further weakening an already fragile financial system.

16. In spite of great obstacles, until the 1970s developing countries achieved an impressive development record, although the decade also saw a substantial increase in international borrowing which led to the debt crisis of the following decade. Against this overall background, the picture arising from the experience of the 1980s is quite diverse, as developing countries evolved at vastly different rates. Some countries, especially in East and South-East Asia, demonstrated comparatively greater resilience and better economic performance. On the other hand, most of Africa and Latin America experienced an unprecedented pattern of impoverishment compounded in Africa by an unabated demographic explosion. The population of the African continent, which stood at 222 million in 1950, is projected by the United Nations to grow by 225 million during the 1990s and reach a total of 867 million in the year 2000. This underlines the urgency of the development challenge facing developing countries and the international community. As has often been emphasized, "a challenge for global economic management in the 1990s is to ensure more evenly distributed growth and to devise international policies and institutions to bring along at a faster pace those countries and people who are not yet in a position to participate fully in the global market mechanism and the world growth process". 8/ Multilateral solutions and strategies will, therefore, have to be tailored both in the light of the evolving multipolar structure of the world economy and the increasingly differentiated needs and requirements of developing countries and, in particular, of the poorest among them.

17. In the light of the foregoing, the case for strengthening the integrative role of multilateral arrangements and regimes is self-evident. The continued dynamism of the major economies of the world is essential to the well-being of the international economic system. In this connection, the need for close macroeconomic cooperation and coordination among them has already been highlighted. Proposals for the further institutionalization of this process of coordination in particular to ensure follow-up and monitoring of economic summit pledges and agreements appear to warrant careful attention. 9/ As mentioned earlier, global markets are playing a greater role in which developing countries have little or no say in determining the exchange rates and interest rate policies. This tendency reinforces the importance for the concerned global economic institutions to take the lead in developing innovative means to broaden the macroeconomic decision-making process. In order to retain their authority and effectiveness, global economic institutions must absorb change in the relative position of the changing centres of power in the world economy and integrate newcomers. This objective lies at the heart of the United Nations University/World Institute for Development Economics Research (UNU/WIDER) proposal for the creation of a "Group of the Non-five" which, along with the five principal summit countries, would engage in regular and joint high-level world summit meetings. 10/

B. Money, finance and trade

18. In the field of finance and trade, a primary goal of the international community should be to effectively respond to the new requirements of the

world economy and to ensure that the needs of the world economy as a whole are served. In the financial and monetary spheres, this would imply progress towards international control and management of liquidity creation and distribution and balanced surveillance of policies of deficit and surplus countries by the International Monetary Fund (IMF). An enhanced role and resource base is needed for the World Bank, which would enable it to function as the principal intermediary and conduit for capital from world financial markets to the developing countries.

19. In the field of trade, the maintenance of an open multilateral and non-discriminatory trading framework is of the utmost importance to all nations. The recognition of the need to strengthen multilateral trade was reflected in the launching of the Uruguay Round of trade negotiations. These negotiations, aimed at improving market access, strengthening of General Agreement on Tariffs and Trade (GATT) rules and disciplines, extending rules to new areas and improving the functioning of the GATT system. The Uruguay Round has already shown positive results in a number of areas. The adoption of more efficient dispute settlement procedures and the establishment of the new trade policy review mechanism, which has brought national trade policies under GATT surveillance in a concerted and comprehensive manner, are some examples. A successful and balanced conclusion of the Uruguay Round of trade negotiations incorporating the need for special and differential treatment for developing countries and, in particular, the least developed among them, is therefore essential.

20. But, the time has come to look beyond the Uruguay Round. As many developing and former centrally planned economies enter the trading system and integrate into world markets, a truly global regime for international trade should be evolved, taking into account, inter alia, the growing interrelationships between trade, foreign direct investment, the globalization of economic activities, technology diffusion and services. This is all the more necessary in view of the dangers of new trade frictions among industrial countries and the costly discrimination that could arise from the trading blocs emerging in Europe, North America and East Asia. A number of proposals are currently on the table in the context of the Uruguay Round and elsewhere. In addition, at the request of the General Assembly, consultations are being initiated by the United Nations with concerned organizations and Governments for the purpose of preparing a report on all the relevant proposals related to the strengthening of international institutions in the area of multilateral trade.

21. The prevailing current global capital shortage also underlines the potential significance of the "peace dividend" anticipated from the easing of tensions between the two most powerful military blocs. A reallocation of resources from military to civilian uses could add to resources for socio-economic needs both in developed and developing countries and also provide greater fiscal flexibility in making new resources available for development assistance to developing countries.

C. Other issues of global concern

22. A number of global trends in economic, social, demographic and ecological spheres, which are closely interconnected, concurrently threaten to make the planet less habitable. The 1990s will witness the largest increase in the population of the developing countries of any decade in history, an increase of well over 20 per cent. Globalization of mass migratory flows of populations in its East-West, South-North and South-South dimensions is another phenomenon that will intensify in gravity in the 1990s. The main preoccupations with this phenomenon are the upholding of basic human rights of displaced populations, especially refugees, and the urgent need for a better understanding of the linkage between population displacements and adverse political, economic, social, demographic and environmental factors. Only in the context of improved international cooperation can the problems of mass migration be mitigated and ultimately even be turned into a cross-fertilization between cultures and peoples. The report of the World Commission on Environment and Development 11/ highlighted the cross-cutting nature of poverty, population, finance, money, trade, energy and technology transfer issues in any effort to control environmental degradation while simultaneously addressing the development needs of the South. The recent encouraging trends in the debates of the General Assembly augur well for the outcome of the 1992 World Conference on Environment and Development. This should be an opportunity for the international community to take a decisive step towards an international regime conducive to a less ecologically destructive pattern of development world wide and a concerted attack on world poverty. In this context it should be recognized that priority attention and adequate resources on favourable terms should be made available to combat environmental degradation within developing countries, which is closely linked to poverty. Resources should not be pre-empted by global environmental concerns. Innovative ways would also need to be devised to enhance the access of developing countries to environmentally sound technologies.

23. The new ecological consciousness is helping to focus attention on the global energy sector, including the technology of its generation and use and the lifestyles and expectations that underlie it. The Gulf crisis also serves as a dramatic reminder of the crucial importance of energy and the dangers of volatility in energy prices and lack of energy security. Clearly, the energy needs of developed and developing countries cannot be dealt with separately. Continued economic growth in the 1990s and beyond will require efforts to improve energy conservation and efficiency in the developed and developing countries, which are expected to increase their share of incremental energy demand because of population growth, industrialization and urbanization.

24. In the absence of international cooperation, there has also been a significant misallocation of resources and instability in energy markets which could lead to shortages of investments required to meet expected increases in energy demand. These factors underline the need for an international energy dialogue that could smooth the transition of industrialized countries and an industrializing third world towards a more rational and balanced pattern of energy development and utilization that preserves the environment while

enhancing human well-being. Such a dialogue would also help in organizing the research and development activities necessary to that end.

25. As noted earlier, the new technological revolution has generated a number of global economic trends. The convergence of recent advances in telecommunication and computer technologies is helping to transform the functioning of the world economy. The globalization of production processes, the integration of financial markets and the rapid expansion of trade in services are bringing about shifts in patterns of comparative advantage and international competitiveness, including changes in the materials-intensity of world output and trade. The so-called "third industrial revolution" has increased the productive potential and capability of industrial nations. But, it has also highlighted the technological gap between East and West and further deepened the North-South divide. 12/

26. The more favourable political environment for a North-South and East-West dialogue should enable the international community to evolve a consensus supported by active international assistance on flexible institutional and policy responses effectively integrating science and technology in the growth and development process taking into account the existence of considerable disparities among countries. Specifically, for developing countries, the intertwining of the issues of trade, technology and finance poses two questions: how to acquire and develop the necessary infrastructure and technological capability for enhancing supply capabilities and international competitiveness, and how to ensure their effective and equitable integration in the new division of labour flowing from rapid technological advances.

III. THE ROLE OF THE UNITED NATIONS SYSTEM

27. As recognized by the Declaration on International Economic Cooperation, the United Nations and the specialized agencies have a critical role to play in facilitating international cooperation in the areas highlighted above. The range of problems to be addressed and the proposed solutions suggest a long and arduous path ahead for the international community. In view of the critical catalytic role of the United Nations system in this process, there is a growing realization that it must be equipped to respond to the requirements of the future. There is also a widely shared sense that the present juncture provides a unique window of opportunity to enhance the capacity of the United Nations system to function as an organic whole and a coherent instrument of multilateral cooperation.

28. While the image of a paralysed Organization is, to a large extent, misleading, at the same time the prevailing mode of change has been incremental, focusing primarily on managerial and administrative matters in a manner illustrative of what has been described as "the theory and practice of muddling through". 13/ Whether the emergence of new types of substantive issues or a new international climate to which the system is expected to respond warrant a more comprehensive and far-reaching reform and, more specifically, how much structural and institutional change should accompany

necessary adaptive measures in the administrative and managerial fields are questions which have been under continuous review. These issues are, however, acquiring a new urgency and will be reviewed at the forthcoming resumed session of the General Assembly. For purposes of discussion, the following issues are highlighted.

29. A review of the functioning of the United Nations in the economic and social sectors could entail changes in the configuration of existing programmes and in the nexus of related intergovernmental bodies. But, such discussions should neither obscure nor take precedence over the fundamental reality that the desirable scope and nature of a reform and revitalization of the United Nations hinge, ultimately, on a narrowing of the gap in perception among Governments as to what the United Nations is and can or should do to enhance the quality of international cooperation.

30. As new demands are placed on the system, with the emergence of transborder, multidimensional and multisectoral issues, there is a need for a clearer definition of the respective roles and functions of the organizations of the system, both at the intergovernmental and Secretariat levels, to achieve greater complementarity in the light of their respective mandates. Little has been done, however, to identify the means to achieve such greater complementarity. The United Nations system is clearly not structured in a manner that would make hierarchical coordination feasible. Some have argued that the very sectoral pluralism of the system gives it resilience in the face of possible crises in other parts of the system and a capacity to innovate and adapt to new challenges. 14/ Others believe that better coordination could be achieved through additional restructuring measures, such as the reconstitution of the Administrative Committee on Coordination as a United Nations inter-agency executive commission, as proposed in A World in Need of Leadership, or the creation of a closer relationship between the United Nations and the specialized agencies, inter alia, through a review of the relationship agreements.

31. Still, behind the requests of intergovernmental bodies for more coordination lies a legitimate desire to ensure that the United Nations system has the capability to respond to the profound changes that are occurring. But clearly, Member States have widely differing perceptions of the modalities and basic purposes of coordination. The Administrative Committee on Coordination may wish to consider ways and means by which these views could be brought into greater harmony to promote a less rigid and mechanistic approach to coordination which takes into account not only the inherent limitations imposed by the structures of the system but also its real possibilities and comparative advantages.

32. Multilateral technical cooperation plays a critical role in the broader economic cooperation in support of revitalization of economic growth and development of the developing countries. In order to utilize the complementary capabilities that exist within the United Nations system in the most effective and productive manner, appropriate ways and means could be considered whereby enhanced modalities for cooperation could be established

between the World Bank, the International Monetary Fund, the United Nations Development Programme and the specialized agencies of the United Nations system.

33. Equally important is the need for Governments to provide effective and long-term financial support to the United Nations if it is to meet its existing responsibilities and the growing expectations placed on it. Any reforming or restructuring excercise is unlikely to yield tangible results if the United Nations continues to function in a climate of financial uncertainty. Furthermore, such exercises, especially if they were to be accompanied by a growth in the functions and activities assigned to the United Nations, should be accompanied by a careful evaluation and determination of the tasks which rightfully fall within its purview and those which do not. Such additional requirements, however incremental they may be, carry cumulative costs which, if not matched by adequate funding, will inevitably lead to a decline in the quality of services or to questionable recourse to extrabudgetary resources. This could also ultimately compound the problems of coordination and lack of coherence in the programmes of the United Nations.

IV. POINTS FOR FURTHER CONSIDERATION

34. The remarkable turn of events of the recent past, when viewed in the context of longer-term trends, suggests that we may have reached a critical phase with regard to the future world order. The policies and arrangements for international cooperation that have been in place thus far have, by and large, proven inadequate, particularly with regard to ensuring stable, widely shared, balanced and sustainable growth and development and thus reducing the sources of tension and instability in the world. Nor have they prevented the consolidation of the world into separate and increasingly unequal parts.

35. It is becoming increasingly clear that the management of the world economy can no longer be divorced from autonomous technological and other factors that are transforming the pattern of world production, trade and finance. The recent dramatic improvements in the negotiating climate offer opportunities to enhance international cooperation for a more effective management of the growing interdependence and globalization of economic activities, provided Governments take full cognizance of all the factors that are at play in the world economy. One of the principal purposes of such global management would be the proper coordination and harmonization of international policies in the interrelated fields of trade, money, finance, technology, development and environment. This would entail the building of broad-based political support to meet the common concerns arising from global issues now on the agenda of the international community. Central to this task is the identification of mutual self-interests and shared objectives around which a political consensus could be built leading to agreements on issues and ways to tackle them. In this way, multilateralism may be instilled with new vigour and direction and the way paved for a strengthened and more effective United Nations system as its principal instrument.

36. The Declaration on International Economic Cooperation and the International Development Strategy for the Fourth United Nations Development Decade make an auspicious beginning in this direction. UNCTAD VIII, the 1992 Conference on Environment and Development and the 1994 Conference on Population and Development will provide further opportunities for identifying such areas of commonality among Member States and building political consensus on specific issues.

37. The purpose of the following observations, drawn from the large number of proposals made in recent years to strengthen multilateral economic cooperation, is to highlight a number of specific issues in addition to those already covered in the preceding sections of the present report, upon which the deliberations of the Economic and Social Council might focus.

38. As emphasized in the foregoing discussion, the efforts to reform and revitalize the United Nations system as a central forum for the formulation, implementation and monitoring of policies and strategies require a broader agreement among Member States on issues of structures and substance, including better priority setting and solid financial support. As prospects for reforming the Organization improve, one of the main tasks ahead should be to enable the Organization to better serve the international community in its role as a global forum. Transborder issues must be addressed concurrently in their regional and country contexts, not only because of increasingly diversifying economic and social conditions in the world but also because the Organization itself has become an important vehicle for the delivery of a wide range of public services at the local level for humanitarian relief, emergency operations and technical cooperation for development. At the same time, the very nature and scale of the tasks ahead requires that the United Nations system broaden its natural constituencies and secure a greater involvement of the private sector, non-governmental organizations and the international scientific community in the mainstream of its development activities.

39. In the light of the foregoing, one of the principal aims of a reform and restructuring of the United Nations system should be to provide a necessarily polycentric and sectorally built organization with the tools and instruments that would enable it to take a leadership approach to global policy questions in an integrated and focused manner. Above all there is need to provide broad but coherent political guidance to the system in the performance of its norm-setting, advocacy, research and consensus-building functions supportive of the process of global development.

40. At the intergovernmental level, a number of proposals have been made over the years to improve the coherence of the system. They have underlined the need for rationalization of the functional relationship between the General Assembly, the Economic and Social Council and the United Nations Conference on Trade and Development and strengthening of the links between the United Nations and other parts of the system. Views have also been expressed on the need for a forum at a high political level where all aspects of trade, finance, technology, environment and development could be considered and broad but consistent policy orientations could be developed for national and

international actions. In this connection, the continued revitalization of the Economic and Social Council is especially important given its unique position in the system, its Charter mandate and the lack of an international agency to deal with questions of policy consistency in the global economy. In the light of the need for stronger links between the political and economic agenda of the United Nations system, underlined once again by the Gulf crisis, either the Council itself or another appropriately constituted body could assume the role of an "Economic Security Council" to deal with broad policy issues of global concern as well as with any situation requiring immediate attention. Arrangements could also be envisaged for the joint provision of substantive and technical support for such a forum by the relevant organizations of the system.

41. Other practical steps have been suggested, including strengthening of the technical underpinnings of the Economic and Social Council and the expertization of a number of subsidiary bodies has also been proposed. 15/ In this connection, reference could be made to an earlier proposal for the Economic and Social Council to revive an "economic policy committee along the lines of a similar committee it had in earlier years. Such an economic policy committee could look at the overall economic situation, somewhat like the Economic Policy Committee of the Organisation for Economic Cooperation and Development (OECD) in regard to the economic situation in its member countries. An alternative would be to 'upgrade' the existing Committee for Development Planning (CDP) ... In any transformation of the CDP into an Economic Policy Committee, the question will arise whether the members should be independent experts, as at present, or high government officials in charge of economic policy (as at the OECD Economic Policy Committee) or perhaps a mix of government officials and independent inputs." 16/

42. The organization and methods of work of the Economic and Social Council have been considerably enhanced following implementation of its resolutions on revitalization (Council resolutions 1988/77 of 28 July 1978 and 1989/114 of 28 July 1989) and the outcome of the resumed forty-fifth session of the General Assembly. Preliminary steps of a similar nature have also been taken by the General Assembly itself, notably in its resolution 45/45 of 28 November 1990 endorsing the measures for the rationalization of the Assembly's procedures proposed by the Special Committee on the Charter of the United Nations and on the Strengthening of the Role of the Organization. 17/

43. The effectiveness of established modes of debates and discussion leading to the adoption of resolutions has, nevertheless, been repeatedly questioned and had, in particular, led the 1975 high-level group of experts to propose the establishment of extensive "consultative procedures" in both the Assembly and the Council to promote agreement on major policy issues requiring further negotiations. 18/ Indeed, recent departures from the accepted modus operandi of the general debate, such as the innovative World Summit for Children and the recourse to high-level independent commissions and special representatives of the Secretary-General, indicate the full potential of concurrent approaches. In this regard, the report of the South Commission has noted that:

"True peace and security in the world cannot be assured without action to make the international economic environment more equitable, predictable and supportive of development in the poorer parts of the world. Such action has to be a global responsibility. The United Nations, as the principal forum of the global community, should have a central role in guiding the world towards this objective.

"Ways must, therefore, be found for the world community, through the United Nations and at the highest level of world leadership, to make assessments of global trends and their consequences for development as well as for the environment. We recommend that periodic summits of a representative group of nations from both the North and South should be convened by the United Nations for this purpose. They should set guidelines for action by the United Nations and its agencies and other important components of the global system." 19/

44. The proposal of the South Commission underlines once again the need to achieve better integration and coordination of the activities of the components of the United Nations system. There is growing evidence of a keener understanding of the interdependence of issues and agenda and of the cross-sectoral nature of problems and their solutions. Although a significant degree of practical cooperation exists in many areas, notably in the machinery of the Administrative Committee on Coordination, there may be scope, nevertheless, to determine whether the present framework of the relationship between the United Nations and the specialized agencies provides a sufficient basis for the United Nations system to function in an integrated manner and to ascertain the desirability of new and more innovative modalities to foster cooperation between the organizations of the system. This is particularly relevant to the Bretton Woods institutions, which are now moving towards universal membership. Trade, finance and the management of the world economy fall under the purview of separate functional entities. But, the Charter of the United Nations also emphasizes the need for the system to work together, as a whole and, in this respect, gives the Economic and Social Council a central role of guidance of a prescriptive rather than mandatory nature. Furthermore, the Articles of Agreement between the United Nations and the Bretton Woods institutions do provide for consultations, exchange of information and, under specific conditions, recommendations, which need to be more fully utilized.

45. The broader participation of countries in the present round of world trade negotiation focuses attention on the increasing importance of GATT. It is conceivable that effective institutional arrangements and safeguards could, therefore, evolve from a strengthening and reform of GATT. It has also been suggested that a new truly global trade organization would not only provide the framework for the implementation of the outcome of the Uruguay Round but also could serve as the surveillance mechanism of trade policies and as a forum for ongoing international trade negotiations to ensure full national compliance with the principles of an open, free and multilateral trading system.

46. The promotion of international cooperation in the field of energy is equally imperative, as reliance solely on the market as currently organized has proved inadequate and has generated massive economic and environmental costs. Even though recurrent oil shocks that send prices both up and down are undermining economic development, there is no forum to debate all aspects of the energy question. As indicated in the World Economic Survey 1989 and 1990 (United Nations publications, Sales No. E.89.II.C.1 and corrigendum and Sales No. E.90.II.C.1), calls for international cooperation in energy had been made by a variety of experts and eminent persons long before the Gulf crisis. Since then, such calls have multiplied, and a number of proposals have been made in different forums, involving the convening of a conference on petroleum of producer and consumer under the auspices of the United Nations preceded by a meeting of the Organization of Oil Exporting Countries and the International Energy Agency. Another proposal has been put forward for a global buffer stock of oil to be owned by both consuming and producing countries with the aim of promoting stability in the oil market, particularly during emergency situations. Similar calls have also been originating from the private sector. More recently, an ad hoc Group of Experts on international cooperation in energy, convened under the auspices of the United Nations Department of International Economic and Social Affairs, identified potential areas for possible international cooperation, focusing on the exchange of information and transparency on energy production, consumption, trade and plans for security of supply and demand, energy financing and access to modern energy technologies.

47. A more effective and efficient delivery of technical assistance at the country level must remain one of the overriding goals of the United Nations development system. Improvements in this essential component of United Nations activities are the subject of recurrent in-depth discussions in the context of the General Assembly's triennial comprehensive policy reviews of operational activities for development. It is now widely agreed that the role and objectives of operational activities of the United Nations system should respond more dynamically to the diverse and changing needs of developing countries and to internationally agreed-upon goals for development, that the system must enhance its capacity to address multidisciplinary development problems and that most of the required action should be organized at the country level on the basis of more predictable and sustained resources. Within this broad framework, it has been noted that among the obstacles to the coherence of operational activities have been fragmented efforts within the United Nations system and the lack of sustained and concerted positions on many issues by Member States in different governing bodies. 20/

48. The lack of a "critical mass" in various parts of the system is another problem. A review of the functioning of the United Nations system in the economic and social sectors could, therefore, entail changes in the present configuration of existing funds and programmes. The 1975 high-level group of experts had proposed the consolidation of operational activities and funds into a United Nations Development Authority responsible to a single governing body. 21/ Alternatively, their governance could be brought under the aegis of a revitalized Economic and Social Council. In any event, such improved

governance would undoubtedly bring about not only greater coherence and cost-effectiveness in programmes but also enhanced transparency and accountability, two factors which are essential to attract larger and more predictable funding from donors.

49. Concurrently, there seems to be greater scope for strengthening United Nations activities at the regional and country levels. The linkages and interaction between activities at these levels and global research and analysis provide another area of consideration to be explored. The requirement for integrative thinking at all levels also focuses attention on the need for the United Nations to link with and draw more extensively from the international scientific community. Mechanisms for that purpose are already in place in the existing network of autonomous United Nations research institutes which were created to provide fresh insights into major policy issues and to work on problems requiring a long-term and independent research effort. In this connection, it may be noted that the Charter of the United Nations University calls upon the Rector of the University to maintain close coordination between the activities of the University and those of the organs and programmes of the United Nations, including the United Nations Institute for Training and Research (UNITAR) and other United Nations agencies.

50. The work of the United Nations system in humanitarian relief and emergency operations is expanding and assuming a new prominence in response to the massive and urgent needs in many parts of the world. It is not clear that the various United Nations bodies involved are adequately funded or that they are able to operate effectively as a team. The resort to ad hoc coordinating devices signals the inadequacy of existing institutional arrangements. In order for the United Nations to meet the expectations that Member States now clearly have, the basis for action in this domain must be strengthened, and specific proposals for enhancing the effectiveness and efficiency in each of these areas will need to be elaborated. These would have to be worked out after careful analysis and thorough debate among all partners in the process.

51. While covering a fairly broad field of international concerns, the issues raised and the ideas and suggestions cited above are illustrative and do not, therefore, present a comprehensive view of all the research and the many proposals emanating from a variety of sources. Nor is their mention here intended as an endorsement as the best or the most viable means of strengthening multilateral cooperation. The intention here is merely to stimulate debate and advance the search for solutions that would respond to the great challenges that the international community confronts in this emerging new world in the last decade of the twentieth century.

Notes

1/ John Ruggie, "Beyond the crisis of multilateralism", discussion paper prepared for Senior Officials Meeting, United Nations, New York, 28-29 January 1985, p. 3.

2/ United Nations University, "Programme on multilateralism and the United Nations system", mimeo, p. 4.

3/ See A/45/859, annex.

4/ See Journal of Development Planning, No. 18 (United Nations publication, Sales No. E.88.II.A.13).

5/ General Assembly resolution 45/214.

6/ General Assembly resolution S-18/3, annex.

7/ General Assembly resolution 45/199, annex.

8/ Mahbub ul Haq, "Global Economic Management in the 1990s", in Luis Emmerij, ed., One World or Several? (Paris, OECD, 1989), p. 53.

9/ C. Michael Aho and Bruce Stokes, "The year the world economy turned", Foreign Affairs, vol. 70, No. 1 (1991), p. 176.

10/ United Nations University, World Institute for Development Economics Research, World Economic Summits (WIDER Study Group Series No. 4, 1989), pp. 13-14.

11/ See A/42/427, annex.

12/ "The Challenge to the South: An Overview and Summary of the South Commission Report", A/45/810, annex, p. 23.

13/ John Renninger, Survey and Analysis of Evaluations of the United Nations Intergovernmental Structure and Functions in the Economic and Social Fields (New York, UNITAR, July 1987).

14/ Philippe de Seynes, "Plaisirs et périls de la réforme: L'utopie de l'organigramme", in The Adaptation of Structures and Methods of the United Nations (Boston, Martinus Nijhoff Publishers, 1986), pp. 67-79 and "Reflections on the Future of Multilateral Cooperation: the ILO Perspective", report of the Director-General (Geneva, International Labour Organisation, 1987), p. 15.

15/ See Official Records of the General Assembly, Forty-fifth Session, Supplement No. 1 (A/45/1) and A/45/714, para. 53.

Notes (continued)

16/ Johan Kaufman, "Developments in Decision-Making in the United Nations", in The Adaptation of Structures and Methods of the United Nations (Boston, Martinus Nijhoff Publishers, 1988), pp. 183-184.

17/ See Official Records of the General Assembly, Forty-fifth Session, Supplement No. 33 (A/45/33).

18/ A New United Nations Structure for Global Economic Cooperation (United Nations publication, Sales No. E.75.II.A.7), paras. 49 and 97-103.

19/ "The Challenge to the South: An Overview and Summary of the South Commission Report", A/45/810, annex, p. 51.

20/ A/44/324/Add.3, para. 101.

21/ A New Structure for Global Economic Cooperation ..., op. cit., paras. 134-161.

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